

**THE SCHOOL ADMINISTRATOR  
and Uniform Compliance Guidelines**

**Volume 147, Page 1**

**September 1999**

ITEMS TO REMEMBER

Per Volume 146, June 1999 The School Administrator and Uniform Compliance Guidelines, August 31 is the last date for the first publication of a school corporation budget (10 days prior to the public hearing). (IC 6-1.1-17-3)

SEPTEMBER

- September 1: Not earlier than September 1 or later than September 15 of each year, the governing body of a school corporation shall publish an annual performance report of the school corporation in accordance with IC 20-1-21-8. The report must be published one (1) time annually under IC 5-3-1. (IC 20-1-21-4)
- September 1: Prove the Fund Ledger and Ledger of Receipts for the month of August to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- September 6: Legal Holiday - Labor Day. (IC 1-1-9-1)
- September 7: Last date for second publication of school corporation budgets (3 days before the public hearing). (IC 5-3-1-2)
- September 10: Last date for public hearing on proposed budget (at least 10 days prior to the adoption of the budget). Ten (10) or more taxpayers may object to a budget, tax rate, or tax levy by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the hearing. (IC 6-1.1-17-5)
- September 16: Last date to file budgets with County Auditor at least two (2) days prior to the first meeting of the County Board of Tax Adjustment if applicable. (IC 6-1.1-17-5) (Contact State Board of Tax Commissioners at 317-232-3773 if conflicts exist with date.)
- September 17: The A.D.M. count shall be taken.
- September 18: Meeting of County Board of Tax Adjustment. Each County Board of Tax Adjustment, if applicable, shall hold its first meeting of each year on September 18 or on the first business day after September 18, if September 18 is not a business day. (IC 6-1.1-29-4)
- September 20: Last day to report and make payment of state and county income tax withheld during August to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, of "The School Administrator and Uniform Compliance Guidelines.")

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ITEMS TO REMEMBER  
(Continued)

September 20: Last date for meeting of School Board to make appropriations for 2000 and to fix tax levies. (IC 6-1.1-17-5) Also last date to conduct a public hearing and pass a resolution to adopt Capital Projects Fund and Transportation - School Bus Replacement Fund Plans. (IC 21-2-11.5 and IC 21-2-15)

September 13-

October 1: The A.D.A. count shall be taken between these dates.

OCTOBER

October 1: On or before this date all duties of the County Board of Tax Adjustment must be completed, except for a consolidated city and county and in a county containing a second class city, these duties need not be completed until November 1. (IC 6-1.1-17-9) IC 6-1.1-17-12 provides for a notice procedure by the county auditor and an appeal procedure.

October 1: Prove all ledgers for the month ending September 30 as outlined for the month of August.

October 1: A.D.M. report due. (511 IAC 1-3-2)

October 11: Legal Holiday - Columbus Day. (IC 1-1-9-1)

October 15: Form 30B, Report of A.D.A for State Support is due in the Department of Education, Division of School Finance.

October 20: Last day to report and make payment of state and county income tax withheld during September to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997 of "The School Administrator and Uniform Compliance Guidelines.")

October 31: Last day to file third quarter report with the Internal Revenue Service and complete payment of federal tax withheld.

October 31: Requests for textbook reimbursement must be received by the Department of Education, Division of School Finance. Please see the Department of Education Memorandum dated June 11, 1999.

NOVEMBER

November 1: Prove all ledgers for the month ending October 31 as outlined for the month of August.

November 11: Legal Holiday - Veteran's Day. (IC 1-1-9-1)

November 25: Legal Holiday - Thanksgiving Day. (IC 1-1-9-1)

November 30: On or before June 1 and December 1 of each year (or more frequently if the County Legislative Body adopts an ordinance requiring additional certifications) the School Corporation shall certify a list of the names and addresses of each person who has money due from the School Corporation to the County Treasurer. (IC 6-1.1-22-14)

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**INTEREST RATES - WRITTEN OBLIGATIONS**

IC 5-1-14-1 provides "Any bonds, notes, or warrants, whether payable from property taxes, revenues, or any other source, are not subject to the maximum interest rate limitations contained in any law enacted before December 31, 1982, if they are issued by or in the name of any entity named in IC 5-1-1-1." and "This section does not limit an interest rate review conducted by the state board of tax commissioners under IC 6-1.1-20-7."

Additionally, IC 6-1.1-20-7 states "When the proper officers of a political subdivision decide to issue any bonds, notes, or warrants which will be payable from property taxes and which will bear interest in excess of eight percent (8%) per annum, the political subdivision shall submit the matter to the state board of tax commissioners for review. The board may either approve or disapprove the rate of interest."

**ANNUITY ACCOUNTS**

IC 20-6.1-5-11 states "A governing body shall withhold, on written request from a teacher, a requested amount of money from the salary of that teacher. A governing body may receive, on written request from a beneficiary of the state teachers' retirement fund, a given amount of money.

The governing body shall hold these amounts and pay them, as requested by the teacher or the beneficiary, to an insurance company or other agency or organization in the state which provides, extends, supervises or pays for insurance or other protection or for the establishment of or payment on an annuity account for the teacher. If a dividend accrues on a policy, it shall be paid or credited to the teacher.

However, if less than twenty percent (20%) of the teachers make a request for paying these amounts of money to a single recipient, withholding the amounts of money for insurance, dues, or other purposes is discretionary with the governing body."

Since the statutory definition of a teacher includes the other professional people of the school corporation, administrators, attendance officers, librarians, etc., the State Board of Accounts will not take audit exception if a school corporation applies IC 20-6.1-5-11 to those employees also.

IC 5-10-1.1-1 provides, in part, that a school corporation may " . . . (1) agree with any employee to reduce and defer any portion of such employee's compensation which under federal law may be deferred under a nonqualified deferred compensation plan and subsequently contract for, purchase, or otherwise procure insurance and investment products appropriate for a nonqualified deferred compensation plan (all referred to in this chapter as "funding"), for the purpose of funding a deferred compensation plan for such employee; (2) if the political subdivision is a school corporation, establish an employee savings plan that is a defined contribution plan qualified under Section 401(a) of the Internal Revenue Code, and contribute amounts to the plan on behalf of eligible employees to be credited and allocated to an account for each employee; and (3) contribute amounts before January 1, 1995, and continue or begin to contribute amounts after January 1, 1995, to a nonqualified deferred compensation plan on behalf of eligible employees, subject to any limits and provisions under Section 457 of the Internal Revenue Code."

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**FINANCIAL ASSISTANCE FOR SCHOOL CHILDREN**

IC 20-8.1-9-2 requires "The department shall adopt procedures that must be followed by applicants in order for them to qualify for assistance under this chapter. These procedures must include obtaining information needed by the Family and Social Services Administration to determine if the recipient is a child who is a member of a qualifying family, as defined in IC 12-14-28-1, including the familial relationship of the child to the head of the household. The financial eligibility standard for an applicant under this chapter must be the same criteria used for determining eligibility for receiving free or reduced price lunches under the national school lunch program."

The State Department of Education shall provide each school corporation with sufficient application forms for assistance. The State Board of Accounts, based upon forms and information submitted by the State Department of Education, Division of School and Community Nutrition Programs, has prescribed School Form No. 521, (1999) (IC 20-8.1-9-4) Any potential changes or recommendations should be forwarded to the State Department of Education, Division of School and Community Nutrition Programs for consideration in future revisions. Any computer applications will be considered for approval by the State Board of Accounts.

IC 20-8.1-9-6 states in part "If the school corporation makes a determination that the parent is ineligible based on the information in the application, it shall give the parent written reasons for the denial and inform the parent of the right to request a hearing before the governing body of the school corporation or the governing body's designee. After the determination, the school corporation may bill the parent for the child's fees, but the school corporation may not take any legal action against the parent until the parent has had the opportunity to make an appeal in a hearing before the governing body of the school corporation or the governing body's designee. If the parent pays the fees based on the school corporation's determination, and after the appeal it is determined that the parent qualifies for assistance, the school corporation shall reimburse the parent."

Please see the Indiana Department of Education Memorandum dated June 11, 1999.

**PAYMENT OF FOREIGN EXCHANGE TEACHERS**

IC 20-6.1-4-3 provides the basic contract requirements. IC 20-6.1-6-2 concerns sabbatical leaves of absence for teachers in the public schools of Indiana and states in part "Leave of Absence. Sabbatical. A school corporation may grant a teacher, on written request, a sabbatical for improvement of professional skills through: . . . (3) teacher exchange programs; . . . After taking a sabbatical, the teacher shall return for a length of time equal to that of the sabbatical leave."

When considering all provisions of the above-referenced statutes, the State Board of Accounts is of the audit position the governing board may grant a teacher a sabbatical leave of absence for participation in the exchange program and may grant that teacher compensation in an amount the governing board determines whether or not the school corporation is reimbursed by another employer whom the teacher may serve while on the sabbatical leave. If the teacher fails to return to the school corporation of employment after the sabbatical leave, for a period of time equal to that of the sabbatical leave, such teacher would be subject to refunding to the school corporation any compensation accepted from the school corporation while on the sabbatical leave of absence.

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**BUS DRIVER CONTRACTS**

The State Board of Accounts has had a number of inquiries concerning the use of an escalator clause in a school bus driver's contract when such driver is required to furnish the transportation equipment.

The school transportation code in IC 20-9.1-2 provides for school bus drivers' contracts, when required to furnish a part or all of the transportation equipment, to be awarded on the basis of specifications prepared and placed on file in the office of the governing body at least fifteen (15) days prior to any advertised date for beginning negotiations or receiving proposals or bids. The specifications require certain items and permits any other relative information, necessary to advise prospective bidders of the terms and conditions of the transportation contract, to be included.

The State Board of Accounts is of the audit position that if the governing body of the school corporation desires to include provision for an escalator clause of some nature in contracts for school bus routes, such provision must be made a part of the specifications available to all prospective bidders prior to the published date for receiving bids. We recommend that if the escalator provision is included, a comparable de-escalator should also be included as protection to the school corporation in case the item of expense concerned with the route on which the escalator is based should lessen instead of increase. The escalator must be based on specific item or items of expense and must result in no monetary gain to the contractor greater than provided prior to the implementation of the escalator provisions.

If the original specifications did not provide for an escalator and the governing board wishes to include an escalator clause in the contracts, we are of the audit position the school corporation should consider rejection of the bids received and readvertising for new bids based on new specifications which include provision for the escalator. An opportunity would then be provided for any prospective bidders who did not submit a bid, when no provision for an escalator was publicized, to now bid with the other bidders on the new basis.

After the contracts have been awarded, there should not be any change in the amount of compensation included therein except as provided above.

**FRANCHISE OR EXCLUSIVE CONTRACTS**

We have recently been advised of contracts being entered into by building principals for fees to be received for promotion of vending products. These contracts are sometimes referred to as franchise, promotional or exclusive fee contracts.

The question of the appropriateness of these fees should be addressed by the written advice of the school corporation attorney with due consideration of whether good public policy is being observed.

Various statutory references provide the board of school trustees with the authority and responsibility for entering into contracts. IC 20-5-3-8 states "Notwithstanding any other law, the president and secretary of the governing body of any school corporation are entitled, on behalf of the school corporation, to sign any contract. These contracts may include, but are not limited to, employment contracts and contracts for goods and services. However, each contract must be approved by a majority of all the members of the governing body. In the absence of either the president or secretary of the governing body, the vice president is entitled to sign the contracts with the officer who is present."

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**FRANCHISE OR EXCLUSIVE CONTRACTS**  
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IC 20-5-2-2 states in part "In carrying out the school purposes of each school corporation, its governing body acting on its behalf shall have the following specific powers: (1) In the name of the school corporation, to sue and be sued and to enter into contracts in matters permitted by applicable law."

We are of the audit position contracts should only be entered into by the board of school trustees. The board should formally determine which funds of the school corporation or of the school building (extra-curricular fund) are to receive revenues from "franchise fees" or "exclusive" contracts.

**OBSOLETE VOLUMES**

All articles of Volume 107 of "The School Administrator" have now been updated and reprinted in later volumes or are no longer applicable. Therefore, Volume 107 which was distributed in September 1989 may now be deleted from your file.